



June 14, 2006

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

2006 JUN 14 PM 4 34

**Re: Case No. 13740 – Application of BEPCo., L.P. for Compulsory Pooling,
Eddy County, New Mexico.**

Dear Mr. Fesmire:

In response to XTO Energy Inc.'s ("XTO") letter dated June 12, 2006, BEPCo., L.P. ("Bass") objects to a continuance of Case No. 13740: Application of BEPCo., L.P. for Compulsory Pooling, Eddy County, New Mexico. This application is set to be heard on the July 6, 2006 Examiner Hearing Docket. XTO requests a continuance of four weeks to the August 3, 2006 docket. Granting a continuance would unduly delay this matter.

As shown on the attached Exhibit A, Bass first sent XTO a well proposal on March 7, 2006. XTO has not indicated to Bass any willingness to voluntarily agree to participate nor has it offered an alternative. In fact, Bass has been told that XTO does not wish to participate in the proposed Remuda Basin 25 St. No. 1. There are still approximately four weeks before this matter is to be heard. If XTO now wishes to reach some type of an agreement, Bass submits there is still plenty of time to do so before the July 6 hearing. Accordingly, granting a continuance at this time is premature.

Bass respectfully requests that the Division deny XTO's request for a continuance to the August 3, 2006 docket and that the hearing on July 6 proceed as scheduled.

Your attention to this request is appreciated.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

cc: Mark Dale, XTO Energy
Wayne Bailey, BEPCo. LP

Attachment**Holland & Hart LLP**Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☐

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST. FORT WORTH.
TEXAS 76102-3131 817/390-8400

March 7, 2006

EXPRESS MAIL

XTO Energy, Inc. 810
Houston Street Fort Worth,
Texas 76102 Attention: Mr.
Mark Dale

Re: Remuda Basin 25 St. No. 1
1,980' FSL & 660' FEL
Section 25, T23S-R29E
E/2 Section 25 Proration Unit
Eddy County, New Mexico

Gentlemen:

BEPCo, L.P. hereby proposes to drill the referenced well to a total depth of 14,200' to test the Morrow Formation at a location 1,980' FSL and 660' FEL of Section 25, T23S-R29E. Bass has obtained a permit to drill the subject well at the above location in an assigned proration unit of the E/2 of Section 25. A cost estimate for the above well is attached hereto reflecting the 8/8ths dry hole costs of \$3,836,000.00 and 8/8ths completed costs of \$4,497,500.00.

According to state and county records, XTO is the owner of 50.00% leasehold below 10,000' in the proration unit for the above well as well as the majority of Sections 24, 25 and E/2 of Section 36, T23S-R29E. Bass and Devon Energy are the owners of 37.50% and 12.50% interest respectively in the above lands. Therefore, also attached hereto is an Operating Agreement for the entirety of the above area designating Bass as operator and 400% non-consent penalty. In the event XTO is agreeable to participating in the subject well, please execute one (1) copy of this letter in the space provided below and the Operating Agreement attached hereto. Thank you very much and should you have any questions or comments in the above regard, please contact the undersigned at (817) 390-8671 at your earliest convenience.

Very truly yours,


Wayne Bailey

XTO hereby elects to participate in the Remuda Basin 25 St. No. I Well.

XTO hereby elects not to participate in the drilling of the Remuda Basin 25 St. No. 1 Well.

XTO Energy, Inc. By:

Its:

Date: